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CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1113)



長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1)

CONTINUING CONNECTED TRANSACTIONS

In anticipation of the expiration of the Existing Master Leasing Agreement and the Existing Master Purchase Agreement on 31 December 2017, CKA and CKHH have on 15 December 2017 entered into:

- (a) the New Master Leasing Agreement which sets out the framework terms governing the Leasing Transactions for the period from 1 January 2018 to 31 December 2020; and
- (b) the New Master Purchase Agreement which sets out the framework terms governing the Project Related Supplies Transactions for the period from 1 January 2018 to 31 December 2020.

The Listing Rules implications of the Leasing Transactions and the Project Related Supplies Transactions on CKA and CKHH are as follows:

In respect of CKA

As at the date of this announcement, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust directly and/or indirectly hold an aggregate of approximately 31.47% of the issued share capital of CKA and an aggregate of approximately 30.16% of the issued share capital of CKHH. CKHH has been deemed by the Stock Exchange to be a connected person of CKA under the Listing Rules. Accordingly, the Leasing Transactions and the Project Related Supplies Transactions as between CKA and CKHH constitute continuing connected transactions for CKA under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of CKA in respect of the Annual Cap Amounts of each of the Leasing Transactions and the Project Related Supplies Transactions is/are more than 0.1% but all of the applicable percentage ratios are less than 5%, the Leasing Transactions and the Project Related Supplies Transactions are subject to CKA's compliance with the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of CKHH

For CKHH, CKA has been deemed by the Stock Exchange to be its connected person under the Listing Rules. Accordingly, the Leasing Transactions and the Project Related Supplies Transactions as between CKA and CKHH constitute continuing connected transactions for CKHH under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of CKHH in respect of the Annual Cap Amounts of the Leasing Transactions are more than 0.1% but all of the applicable percentage ratios are less than 5%, the Leasing Transactions are subject to CKHH's compliance with the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Project Related Supplies Transactions are de minimis transactions for CKHH and so are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

A. The New Master Leasing Agreement

In the ordinary course of business of the CKA Group and the CKHH Group, members of the CKA Group entered, and may from time to time continue to enter, into the Leasing Transactions with members of the CKHH Group.

In anticipation of the expiration of the Existing Master Leasing Agreement on 31 December 2017, CKA and CKHH have on 15 December 2017 entered into the New Master Leasing Agreement to set out the framework terms governing the Leasing Transactions for the period from 1 January 2018 to 31 December 2020, the principal terms of which are set out below:

(a) Subject matter

CKA agrees to lease or license or to procure its subsidiaries to lease or license the premises owned by the CKA Group (including office space, car parks and building areas but excluding hotel premises) to members of the CKHH Group as and when reasonably requested by members of the CKHH Group from time to time during the term of the New Master Leasing Agreement.

(b) Duration

Three years from 1 January 2018 to 31 December 2020, unless terminated by CKA or CKHH by not less than one month's written notice or otherwise in accordance with the other terms of the New Master Leasing Agreement.

(c) Consideration and other terms

The relevant members of the CKA Group and of the CKHH Group will enter into separate lease, tenancy or licence agreements with respect to the Leasing Transactions. The terms of, and the consideration payable under, such agreements will be negotiated on a case-by-case and an arm's length basis, and shall be on normal commercial terms which, (i) from the CKA Group's perspective, shall be no more favourable than those CKA Group made available to its independent third party corporate lessees, tenants or licensees; and (ii) from the CKHH Group's perspective, shall be no less favourable than those the relevant members of the CKHH Group could obtain from independent landlords or lessors of comparable premises.

In respect of the CKA Group, the rental or licence fee chargeable shall be at market rates and based on the then prevailing rental rates or licence fee rates for properties of similar size and with similar attributes within the same building charged by the CKA Group or, if not available, the then prevailing rental rates or licence fee rates for properties of similar size and with similar attributes in the vicinity of the subject premises to be leased, let or licensed by the CKA Group. The management/service fees chargeable by the CKA Group to the relevant members of the CKHH Group will be the same as those the CKA Group charges other tenants or licensees of the same building or property.

In respect of the CKHH Group, the rental or licence fee payable shall be at market rates, and the CKHH Group shall seek competitive quotes (including conducting a comparison of prices of a sufficient number of independent landlords, lessors or licensors of comparable premises in the market) for management review with a view to ensuring that the rental or licence fees payable by the CKHH Group to the relevant members of the CKA Group in connection with the Leasing Transactions are reasonable, having regard to the size, location, facilities and conditions of the premises required.

(d) Historical transaction amounts

The aggregate rental and licence fees paid/payable by the CKHH Group to the CKA Group for the Leasing Transactions for the period from 3 June 2015 (the date of listing of the shares of CKA on the Stock Exchange) to 31 December 2015, the financial year ended 31 December 2016 and the eleven months ended 30 November 2017 are as follows:-

	From 3 June 2015 to 31 December 2015	Financial year ended 31 December 2016	Eleven months ended 30 November 2017
Amounts <i>(rounded to the nearest million)</i>	HK\$370 million	HK\$658 million	HK\$626 million

B. The New Master Purchase Agreement

In the ordinary course of business, members of the CKA Group entered, and may from time to time continue to enter, into the Project Related Supplies Transactions with members of the CKHH Group.

In anticipation of the expiration of the Existing Master Purchase Agreement on 31 December 2017, CKA and CKHH have on 15 December 2017 entered into the New Master Purchase Agreement to set out the framework terms governing the Project Related Supplies Transactions for the period from 1 January 2018 to 31 December 2020, the principal terms of which are set out below:

(a) Subject matter

CKHH agrees to provide, or to procure its subsidiaries to provide, the Project Related Supplies to members of the CKA Group as and when reasonably requested by the members of the CKA Group from time to time during the term of the New Master Purchase Agreement.

(b) Duration

Three years from 1 January 2018 to 31 December 2020, unless terminated by CKA or CKHH by not less than one month's written notice or otherwise in accordance with the other terms of the New Master Purchase Agreement.

(c) Consideration and other terms

The relevant members of the CKA Group and of the CKHH Group will enter into separate contracts with respect to the Project Related Supplies Transactions. The terms of, and the consideration payable under, such contracts will be negotiated on a case-by-case and an arm's length basis, and will be on normal commercial terms which, (i) from the CKA Group's perspective, shall be no less favourable than those the CKA Group could obtain from independent third party suppliers of the relevant Project Related Supplies and (ii) from the CKHH Group's perspective, shall be no more favourable than those the relevant members of the CKHH Group makes available to independent customers of the relevant Project Related Supplies.

In respect of the CKA Group, before considering issuing a purchase order or awarding a purchase contract to the CKHH Group, the CKA Group will seek competitive quotes via tendering or other processes (including conducting a comparison of prices of a sufficient number of independent third party suppliers of comparable Project Related Supplies in the market) for management review with a view to ensuring that the fees payable by the CKA Group to the CKHH Group in connection with the Project Related Supplies are fair and reasonable and comparable to those offered by independent third party suppliers having regard to the quality, reliability, and service levels of the Project Related Supplies required and the past performance of the CKHH Group when providing the Project Related Supplies.

In respect of the CKHH Group, the fee chargeable by the relevant members of the CKHH Group shall be at market rates and be based by reference to the then prevailing market rates for the Project Related Supplies of similar or comparable quality, reliability and service levels charged by the CKHH Group or, if not available, the then prevailing market rates no more favourable than that the relevant members of the CKHH Group may make available to independent customers for the Project Related Supplies of similar or comparable scope, scale, quality, reliability and service level.

(d) *Historical transaction amounts*

The aggregate amounts paid/payable by CKA Group to the CKHH Group for the Project Related Supplies Transactions for the period from 3 June 2015 (the date of listing of the shares of CKA on the Stock Exchange) to 31 December 2015, the financial year ended 31 December 2016 and the eleven months ended 30 November 2017 are as follows:-

	From 3 June 2015 to 31 December 2015	Financial year ended 31 December 2016	Eleven months ended 30 November 2017
Amounts (rounded to the nearest million)	HK\$23 million	HK\$94 million	HK\$36 million

ANNUAL CAP AMOUNTS

It is expected that the maximum aggregate annual amount receivable or payable by the CKA Group and the CKHH Group (as the case may be) in respect of each of the Continuing Connected Transactions will not exceed the amounts set out below:

	Financial year ending 31 December		
	2018	2019	2020
Leasing Transactions	HK\$770 million	HK\$891 million	HK\$937 million
Project Related Supplies Transactions	HK\$154 million	HK\$154 million	HK\$190 million

The Annual Cap Amounts in respect of the Leasing Transactions were arrived at by reference to (i) the historical transaction amounts for the same type of transactions, (ii) the amount receivable by the CKA Group in respect of the Leasing Transactions currently in existence, (iii) the expected renewals of existing leases, tenancies and licences, (iv) the expected new Leasing Transactions that the CKHH Group may enter into with the CKA Group, and (v) the estimated adjustment in rental and service/management fees.

The Annual Cap Amounts in respect of the Project Related Supplies Transactions were arrived at by reference to (i) the historical transaction amounts for the same type of transactions, (ii) the estimated number of contracts that may be awarded to the CKHH Group, taking into account the expected progress of the various existing property development projects of the CKA Group, and (iii) to cater for (1) additional demand for the Project Related Supplies in respect of new development projects which may commence construction, (2) variations in the original purchase order or contract due to changes in development project specifications in the course of construction of relevant development projects during the three years ending 31 December 2020, and (3) variations in the development schedules of relevant projects.

The significant increase in the Annual Cap Amount in respect of the Project Related Supplies Transactions for 2018, as compared to the historical transaction amount for 2017, is due to the estimated increase in the number and value of purchase orders or contracts which may be awarded to and accepted by the CKHH Group, taking into account the expected progress of CKA Group's development projects requiring the purchase of Project Related Supplies in 2018.

REASONS FOR, AND THE BENEFITS OF, ENTERING INTO THE NEW MASTER LEASING AGREEMENT AND THE NEW MASTER PURCHASE AGREEMENT

Each of the CKA Board and the CKHH Board believes that the entering into of the New Master Leasing Agreement and the New Master Purchase Agreement will help the CKA Group and the CKHH Group to ensure that the necessary supplies will continue to be made available to the CKA Group or the CKHH Group (as the case may be) and achieve business continuity and efficiency.

(a) Views of the CKA Board

Having regard to pricing policies and internal controls of CKA in respect of the Continuing Connected Transactions, including the charging of rental and license fees at market rate for the Leasing Transactions and the seeking of the competitive quotes for Project Related Supplies (such as conducting a comparison of prices of a sufficient number of independent third party suppliers), the CKA Directors (including the independent non-executive directors of CKA) are of the view that the Continuing Connected Transactions have been and will continue to be entered into in the ordinary and usual course of business of the CKA Group, and on normal commercial terms or better, and that their terms are fair and reasonable and in the interests of CKA and its shareholders as a whole. The CKA Directors (including the independent non-executive directors of CKA) are also of the view that the relevant Annual Cap Amounts for the Continuing Connected Transactions are fair and reasonable, and in the interests of CKA and its shareholders as a whole.

As each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor may be regarded as having a material interest in the Continuing Connected Transactions, each of them has voluntarily abstained from voting on the board resolutions of CKA approving the Continuing Connected Transactions.

(b) Views of the CKHH Board

Having regard to the pricing policies and internal controls of CKHH in respect of the Continuing Connected Transactions, including the seeking of the competitive quotes (such as conducting a comparison of prices of a sufficient number of independent landlords, lessors or licensors of comparable premises in the market) for the Leasing Transactions and the charging of fees based on prevailing market rate for the Project Related Supplies Transactions, the CKHH Directors (including the independent non-executive directors of CKHH) are of the view that the Continuing Connected Transactions have been and will continue to be entered into in the ordinary and usual course of business of the CKHH Group, and on normal commercial terms or better, and that their terms are fair and reasonable and in the interests of CKHH and its shareholders as a whole. The CKHH Directors (including the independent non-executive directors of CKHH) are also of the view that the relevant Annual Cap Amounts for the Continuing Connected Transactions are fair and reasonable, and in the interests of CKHH and its shareholders as a whole.

None of the CKHH Directors have any material interest in the Continuing Connected Transactions except by virtue of being a director and/or shareholder of CKHH (including its subsidiaries) and/or the other parties involved in the transactions, and no CKHH Directors were required to abstain from voting on the board resolutions of CKHH approving the Continuing Connected Transactions. Notwithstanding the foregoing, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, each being an executive director of CKHH, have voluntarily abstained from voting on the board resolutions of CKHH approving the Continuing Connected Transactions.

IMPLICATIONS UNDER THE LISTING RULES

In respect of CKA

As at the date of this announcement, Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and the Trust directly and/or indirectly hold an aggregate of approximately 31.47% of the issued share capital of CKA and an aggregate of approximately 30.16% of the issued share capital of CKHH. CKHH has been deemed by the Stock Exchange to be a connected person of CKA under the Listing Rules. Accordingly, the Leasing Transactions and the Project Related Supplies Transactions as between CKA and CKHH constitute continuing connected transactions for CKA under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of CKA in respect of the Annual Cap Amounts of each of the Leasing Transactions and the Project Related Supplies Transactions is/are more than 0.1% but all of the applicable percentage ratios are less than 5%, the Leasing Transactions and the Project Related Supplies Transactions are subject to CKA's compliance with the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of CKHH

For CKHH, CKA has been deemed by the Stock Exchange to be its connected person under the Listing Rules. Accordingly, the Leasing Transactions and the Project Related Supplies Transactions as between CKA and CKHH constitute continuing connected transactions for CKHH under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of CKHH in respect of the Annual Cap Amounts of the Leasing Transactions are more than 0.1% but all of the applicable percentage ratios are less than 5%, the Leasing Transactions are subject to CKHH's compliance with the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Project Related Supplies Transactions are de minimis transactions for CKHH and are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE CKA GROUP AND THE CKHH GROUP

The CKA Group is a leading multinational corporation committed to achieving long-term sustainable growth through continual strengthening of its existing property businesses, and steady enhancement of its recurring income base via prudent investment strategy. The CKA Group has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, and investment in energy and infrastructure assets that are household equipment services related.

The CKHH Group is principally engaged in five core businesses: ports and related services, retail, infrastructure, energy, and telecommunications.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Annual Cap Amounts”	the maximum amount receivable or payable under the New Master Leasing Agreement and the New Master Purchase Agreement as described under the section headed “Annual Cap Amounts” in this announcement
“CKA”	CK Asset Holdings Limited (formerly known as Cheung Kong Property Holdings Limited), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1113)
“CKA Board”	the board of CKA Directors
“CKA Directors”	the directors of CKA

“CKA Group”	CKA and its subsidiaries
“CKHH”	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1)
“CKHH Board”	the board of CKHH Directors
“CKHH Directors”	the directors of CKHH
“CKHH Group”	CKHH and its subsidiaries
“Continuing Connected Transactions”	the transactions contemplated under the New Master Leasing Agreement and the New Master Purchase Agreement
“Existing Master Leasing Agreement”	the agreement dated 5 May 2015 entered into between CKA and CKHH setting out the framework terms governing the Leasing Transactions
“Existing Master Purchase Agreement”	the agreement dated 5 May 2015 entered into between CKA and CKHH setting out the framework terms governing the Project Related Supplies Transactions
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Leasing Transactions”	entering into by the CKHH Group of leases, tenancies or licences in respect of premises owned by the CKA Group (including office space, car parks and building areas but excluding hotel premises)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Master Leasing Agreement”	the agreement dated 15 December 2017 entered into between CKA and CKHH setting out the framework terms governing the Leasing Transactions
“New Master Purchase Agreement”	the agreement dated 15 December 2017 entered into between CKA and CKHH setting out the framework terms governing the Project Related Supplies Transactions
“percentage ratios”	has the meaning ascribed to that term in Chapter 14 of the Listing Rules

“Project Related Supplies”	goods (such as air-conditioners and other electrical appliances and gift/cash coupons) and services (such as printing of sales brochures and advertising materials)
“Project Related Supplies Transactions”	purchasing by the CKA Group of the Project Related Supplies from members of the CKHH Group for use in connection with the CKA Group’s property development projects
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	comprises four discretionary trusts and two unit trusts. The settlor of the discretionary trusts comprised in the Trust is Mr. Li Ka-shing and the discretionary beneficiaries of such discretionary trusts include, among others, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard
“%”	per cent

By Order of the CKA Board
CK ASSET HOLDINGS LIMITED
Eirene Yeung
Company Secretary

By Order of the CKHH Board
CK HUTCHISON HOLDINGS LIMITED
Edith Shih
*Executive Director
and Company Secretary*

Hong Kong, 15 December 2017

As at the date of this announcement, the CKA Directors are Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Managing Director and Deputy Chairman*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Mr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, Ms. PAU Yee Wan, Ezra and Ms. WOO Chia Ching, Grace as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Mr. YEH Yuan Chang, Anthony, Mr. Colin Stevens RUSSEL and Mr. Donald Jeffrey ROBERTS as Independent Non-executive Directors.

As at the date of this announcement, the CKHH Directors are: Mr. LI Ka-shing (*Chairman*), Mr. LI Tzar Kuoi, Victor (*Group Co-Managing Director and Deputy Chairman*), Mr. FOK Kin Ning, Canning (*Group Co-Managing Director*), Mr. Frank John SIXT (*Group Finance Director and Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. LAI Kai Ming, Dominic (*Deputy Managing Director*) and Ms. Edith SHIH as Executive Directors; Mr. CHOW Kun Chee, Roland, Mrs. CHOW WOO Mo Fong, Susan, Mr. LEE Yeh Kwong, Charles, Mr. LEUNG Siu Hon and Mr. George Colin MAGNUS as Non-executive Directors; and Mr. KWOK Tun-li, Stanley, Mr. CHENG Hoi Chuen, Vincent, The Hon. Sir Michael David KADOORIE, Ms. LEE Wai Mun, Rose, Mr. William Elkin MOCATTA (*alternate to The Hon. Sir Michael David KADOORIE*), Mr. William SHURNIAK, Mr. WONG Chung Hin and Dr. WONG Yick-ming, Rosanna as Independent Non-executive Directors.